

**REDUCING INTERNATIONAL DEFORESTATION THROUGH U.S. GOVERNMENT
INTERNATIONAL PROGRAMMING, ASSISTANCE, FINANCE, INVESTMENT, TRADE
AND TRADE PROMOTION**

**A Report to the President
In Response to E.O. 14072**

April 26, 2023

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MANDATE

This report responds to Executive Order 14072¹ dated April 22, 2022, directing that:

Sec. 3. Stopping International Deforestation. As described in the Plan to Conserve Global Forests: Critical Carbon Sinks, my Administration has committed to deliver, by 2030, on collective global goals to end natural forest loss and to restore at least an additional 200 million hectares of forests and other ecosystems, while showcasing new economic models that reflect the services provided by critical ecosystems around the world. The plan recognizes that conserving and restoring global forest and peatland ecosystems, particularly in the Amazon, Congo Basin, and Southeast Asia, can provide significant global greenhouse gas emissions mitigation, both by preventing the emissions caused by deforestation and by increasing the amount of carbon dioxide captured from the atmosphere and stored in soils and forest biomass. My Administration is also committed to combating illegal logging and stopping trade in illegally sourced wood products pursuant to the Lacey Act, as amended, 16 U.S.C. 3371 et seq., and to addressing the related importation of commodities sourced from recently deforested land. To further advance these commitments, conserve these critical ecosystems, and address drivers of global deforestation — including illegal forest clearing to produce agricultural commodities — the following actions shall be taken:

(b) within 1 year of the date of this order, the Secretary of State, in coordination with other appropriate agencies, shall submit a report to the President on how agencies that engage in international programming, assistance, finance, investment, trade, and trade promotion, can, consistent with applicable law, accomplish the following:

- (i) incorporate the assessment of risk of deforestation and other land conversion into guidance on foreign assistance and investment programming related to infrastructure development, agriculture, settlements, land use planning or zoning, and energy siting and generation;
- (ii) address deforestation and land conversion risk in new relevant trade agreements and seek to address such risks, where possible, in the implementation of existing trade agreements;

¹ “Executive Order on Strengthening the Nation’s Forests, Communities, and Local Economies.” 2022. The White House. April 22, 2022. <https://www.whitehouse.gov/briefing-room/presidential-actions/2022/04/22/executive-order-on-strengthening-the-nations-forests-communities-and-local-economies/>.

- (iii) identify and engage in international processes and fora, as appropriate, to pursue approaches to combat deforestation and enhance sustainable land use opportunities in preparing climate, development, and finance strategies;
- (iv) engage other major commodity-importing and commodity-producing countries to advance common interests in addressing commodity-driven deforestation; and
- (v) assess options to direct foreign assistance and other agency programs and tools, as appropriate, to help threatened forest communities transition to an economically sustainable future, with special attention to the participation of and the critical role played by indigenous peoples and local communities and landholders in protecting and restoring forests and in reducing deforestation and forest degradation.

REPORT

The Department of State consulted closely with the Departments of Treasury, Agriculture (USDA), Homeland Security (DHS), the Interior (DOI), the National Aeronautics and Space Administration (NASA), United States Agency for International Development (USAID), United States Trade Representative (USTR), the Millennium Challenge Corporation (MCC), the United States Trade and Development Agency (USTDA), and the Special Presidential Envoy for Climate (SPEC) to prepare this report.

The report offers initial options on actions that can be taken by U.S. government agencies and executive action, among others, to reduce global deforestation, and notes that additional deliberation is needed on some possible U.S. government actions and suggests further action to support deliberative processes. Annex 1 to this report provides an overview of the relevant authorities, mandates, and guidance related to the objectives of each section.

A complementary report addresses paragraph 3(a) of E.O. 14072,² which focuses on actions U.S. government agencies may take to address deforestation related to the production of agricultural commodities. That report should be considered together with this one in further deliberations on how the U.S. government can best direct its resources, actions, and influence to combat global deforestation and contribute to addressing climate change, conserving biodiversity, and other goals.

² The directive for the second report is: (a) within 1 year of the date of this order, the Secretary of State, in consultation with the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Homeland Security (through the Commissioner of U.S. Customs and Border Protection), the Administrator of the Small Business Administration, the Administrator of the United States Agency for International Development, the United States Trade Representative, and the Special Presidential Envoy for Climate, shall submit a report to the President evaluating options, including recommendations for proposed legislation, for a whole-of-government approach to combating international deforestation that includes:

- (i) an analysis of the feasibility of limiting or removing specific commodities grown on lands deforested either illegally or after December 31, 2020, from agricultural supply chains; and
- (ii) an analysis of the potential for public-private partnerships with major agricultural commodity buyers, traders, financial institutions, and other actors to voluntarily reduce or eliminate the purchase of such commodities and incentivize sourcing of sustainably produced agricultural commodities.

SECTION 1: FOREIGN ASSISTANCE AND INVESTMENT PROGRAMMING

(i) incorporate the assessment of risk of deforestation and other land conversion into guidance on foreign assistance and investment programming related to infrastructure development, agriculture, settlements, land use planning or zoning, and siting and generation

Section Summary

Foreign assistance programming and investments, including programs directly managed and overseen by U.S. Government agencies, and by delivery partners including multilateral development banks, carry a range of environmental and other risks that require attention throughout the entire cycle of U.S. government foreign assistance planning, investment, delivery, and closure. These risks include funding activities, projects, or investments that directly impact forests or other ecosystems (e.g., infrastructure that causes the removal of forests) as well as funding or investments that have indirect impacts (e.g., construction of roads in forest areas that are likely to drive new deforestation).

The U.S. Government interagency relies on existing legislative authorities, as well external safeguards and frameworks that are relevant to the management of environmental and related risk in foreign assistance abroad. The Foreign Assistance Act of 1961, (FAA)³ includes several provisions relevant to this Executive Order. For example, section 117 of the FAA requires an Environmental Impact Assessment (EIA) process to evaluate the potential impact of certain development assistance activities prior to implementation, and section 118 recognizes the importance of tropical forests to developing countries specifically, ensuring additional safeguards for their protection and sustainable management. USAID has regulations and internal policies and procedures for conducting environmental assessments. Not all agencies operating overseas implement activities under provisions of the FAA to which these mandates apply, however in many of these cases, agencies will develop their own internal relevant policies. For example, USTDA, MCC, and DFC follow their own legislative requirements and internal policies and procedures. This breadth of applicable statutes and individual agency environmental policies and safeguards are elaborated upon in Annex 1

Options

- The Administration should consider, in consultation with the interagency through an IPC process, reviewing and updating an overarching mandate such as that directed by EO 12114 (1979)⁴, which directed environmental review for other U.S. Government programs with impacts outside the U.S., to reflect the tenor and objectives of EO 14072

³ *The Foreign Assistance Act of 1961, as Amended*. 2017. <https://www.govinfo.gov/content/pkg/PLAW-115publ56/pdf/PLAW-115publ56.pdf>.

⁴ Executive Order 12114 “Environmental effects abroad of major Federal actions” January 4, 1979. <https://www.archives.gov/federal-register/codification/executive-order/12114.html>

and better align foreign assistance programming with the current Administration's environmental and climate goals.

- Treasury, with the support of other U.S. Government agencies with expertise in working with International Finance Institutions (IFIs), such as DFC and USAID, should continue to work with IFIs to improve standards and strengthen environmental safeguards, policy and implementation, in foreign development finance.
- Relevant agencies that provide foreign assistance or investment in international programs or activities, including State Department and USAID, could consider developing and supporting a technical framework document to support agencies in structuring and evaluating programs and projects that may present a deforestation risk, including those related to infrastructure development, agriculture, settlements, land use planning or zoning, and siting and generation.
- State Department, USAID, USDA, US Forest Service, and other technical agencies with expertise in forestry and environmental management, should consider developing guidance on how to evaluate the economics of forest conservation, such as positive impacts on water quantity and quality, potential benefits of soil stabilization for reduced risk of natural hazards, like landslides and flash floods, as well as potential other potential human health benefits.
- Additional resources would allow U.S. agencies to expand their expertise and capacity to:
 - o Define and develop programs that focus particularly on major, threatened forest frontiers.
 - o Develop more responsive frameworks that consider a range of political, economic, and market factors that can influence deforestation.
 - o Develop or procure more granular data to assess potential and actual impacts of projects and in project areas.
 - o Enhance capacity building programs that can expand and disseminate critical knowledge on forest management, monitoring and conservation with international partners that have the authority to manage threatened forest resources.

Key Messages

- The U.S. government has a strong foundation in foreign assistance that could be leveraged to reduce the risk of deforestation across its investments and programs.
- Assessing, monitoring, and mitigating the problem requires a high level of human and financial resources as well as capacity and commitment by all parties. U.S. government agencies should fully assess the multivariate, complex risks posed by some funded programs and investments, particularly in cases where the deforestation risk is indirect.
- Access to reliable time series forest cover and land use data as well as site-specific context is critical for mitigating the risk of deforestation. U.S. government agencies like NASA, the US Forest Service (USFS), and the US Geological Survey (USGS) generate important data, as do local government, private entities, and NGO partners.

- Given the complexity of the drivers of deforestation, U.S. government agency programming guidance should promote comprehensive analyses that include social, economic, political (including human rights), and market factors and consider the role of all stakeholders, including forest-dwelling communities, the private sector, and governments in land use decisions.
- Reducing the risk of deforestation is tied to the enhancement of peace and security, democracy, and transparency.
- U.S. agencies should continue to leverage U.S. in-country presence internationally to help inform and monitor investment conditions and risks when programming foreign assistance.
- USAID will continue implementing its legal mandate to conduct affirmative investigations of multilateral development bank projects that are particularly likely to have substantial adverse environmental or social impacts, and to share the results with Congress and the public.

Discussion

The U.S. Government interagency represents a wealth of technical expertise in reviewing and applying safeguards. However, varying missions and objectives can complicate the U.S. Government's efforts to monitor, prevent, and/or halt practices that heighten risk for deforestation in individual agency operations, including projects and programs that support infrastructure development, agriculture, settlements, land use planning or zoning, and siting and generation. Country development priorities as supported by the U.S., if not pursued with appropriate safeguards, can contribute to forest loss either directly or indirectly. Additionally, issues that seem distinct from deforestation, such as peace and stability, can be risk factors linked to deforestation, but due to the complicated and sometimes indirect relationship, are not always assessed as such in foreign assistance programming. Similarly, the complexities of assessing deforestation risk presents particular challenges to agencies that do not have extensive experience in the forest and land use sector, and thus may have fewer staff with relevant expertise.

As described briefly, the U.S. interagency has responded to these challenges by developing a wide range of protocols that have been incorporated in the foreign assistance investment and programming planning and implementation cycle. Whether developed in accordance with relevant statutes and mandates, such as the FAA, or to match other international standards relevant for the size, scope, and type of foreign assistance investment and programming of a particular agency, such as the International Finance Corporation's Environmental and Social Performance Standards⁵ or USAID's environmental regulations in 22 CFR part 216 and its environmental procedures, the U.S. Government has continued to engage in the regular

⁵ "IFC Performance Standards on Environmental and Social Sustainability." 2012.
https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC_Performance_Standards.pdf?MOD=AJPERES&

evaluation and revision of its interagency policies to meet the complex challenges of monitoring and mitigating environmental risk.

As discussed in the Options section, increased exchange across the U.S. Government interagency on the strengths and weaknesses of protocols and policies with regard to identifying and managing for risks of deforestation could support enhanced approaches across the board. A sub-IPC or other interagency process could help elucidate challenges and effective approaches to harmonizing forest-related safeguards across an interagency that is diverse in mandates, sizes, scope, and intensity of overseas engagement. Such a process could also draw on the experience of implementing and/or monitoring agencies for the National Environmental Policy Act (NEPA) to help consider the need for overarching guidance.

SECTION 2: TRADE AGREEMENTS

(ii) Address deforestation and land conversion risk in new relevant trade agreements and seek to address such risks, where possible, in the implementation of existing trade agreements

Section Summary

The U.S. has meaningful trade relationships with many countries facing high rates of deforestation which provides an opportunity for engagement on this important issue. The U.S. has looked to trade agreements to raise environmental standards, including those related to deforestation. Preferential Trade Agreements (PTA) have included requirements for trade partners to enforce existing environmental laws and comply with multilateral environmental agreements. Deforestation-related criteria in trade agreements and other trade related actions (e.g., customs enforcement) could support objectives to halt international deforestation. Trade agreements may also provide various avenues to engage on a range of environmental issues, including deforestation, through environmental committees or councils established under the frameworks of those agreements, as well as voluntary cooperation supporting the agreements. New models for international economic cooperation, such as the Indo-Pacific Economic Framework, may present opportunities to address deforestation including through voluntary actions with the private sector.

Options

- The U.S. Government should continue to prioritize monitoring and enforcement of commitments in existing U.S. trade agreements relating to the effective enforcement of environmental laws, including those related to deforestation and other land uses.
- The U.S. Government should continue to utilize existing mechanisms under current trade agreements to engage and encourage cooperation with other governments to address deforestation.
- The U.S. Government should continue to seek to include relevant commitments to address deforestation in future trade agreements and other relevant trade-related initiatives.

- USTR, USDA, State, USAID, CBP, DOJ, and other federal agencies, could set up a working group or other appropriate platform to engage with relevant public and private stakeholders to discuss enhancing approaches to forest protections, including related to forest provisions in new relevant trade agreements and other trade-related initiatives.

Key Messages

- Deforestation considerations in trade policy and actions, including negotiating trade agreements, trade-related initiatives and potential frameworks, can support the Biden Administration’s deforestation goals.
- These trade agreements, trade initiatives, and potential frameworks may include, for example, commitments for each party to strive to ensure that its environmental laws and policies provide for, and encourage, high levels of environmental protection.
- Some trade agreements already contain more direct provisions concerning deforestation. For example, the Environment Chapter in the United States-Peru Free Trade Promotion Agreement⁶ includes an Annex on Forest Sector Governance setting out specific commitments aimed at strengthening forest sector governance and combating illegal logging and associated trade.
- New trade agreements and other cooperation frameworks provide an opportunity to directly address tropical deforestation but must be coupled with sufficient country governance and enforcement capacity to be effective.
- Additional resources for trade-related cooperation and enhancement of deforestation-related measures, under both existing and future agreements and frameworks, would be beneficial to address tropical deforestation. Additional resources could be used to enhance environmental cooperation mechanisms, provide technical training to partner countries, or support alternative livelihoods programs.
- Trade agreements could provide opportunities to enable additional voluntary action by the private sector, especially actions related to the production of forest-risk commodities.

Discussion

The U.S. has looked to trade agreements to promote positive environmental outcomes, including those related to deforestation, and has included provisions in trade agreements related to deforestation and the environment, including in the United States-Peru Free Trade Agreement (PTPA). Experiences in developing, monitoring, and enforcing these provisions can inform future efforts in pursuing trade agreements or other trade-related initiatives or potential frameworks.

⁶ “The United States-Peru Free Trade Agreement.” 2009. Office of the United States Trade Representative. 2009.

<https://ustr.gov/trade-agreements/free-trade-agreements/peru-tpa/final-text>.

Monitoring and enforcement of deforestation-related provisions in existing trade agreements faces both technical and human resources limitations. Likewise, in-country capacity and other issues can limit effective implementation of deforestation-related provisions by our trade agreement partners.

U.S. trade agreements' focus on illegal deforestation through provisions related to enforcement and maintenance of environmental laws may limit the extent to which existing trade agreements can contribute to overall country efforts to halting and reversing deforestation, depending on the country and the extent of deforestation not covered under country laws.

New actions or policies to address deforestation and land conversion risk may create unjustified barriers to trade and provide little or no protection for global forest resources if not designed thoughtfully.

SECTION 3: INTERNATIONAL PROCESSES AND FORA

(iii) identify and engage in international processes and fora, as appropriate, to pursue approaches to combat deforestation and enhance sustainable land use opportunities in preparing climate, development, and finance strategies

Section Summary

The international community deliberates on issues related to combating deforestation and enhancing sustainable land use through multiple formal international processes and fora, as well as less formal meetings, workshops, and related events. These international processes and fora lead to both legally binding outcomes as well as non-legally binding outcomes that nonetheless have the force of collective commitment from actors in the international community, and the associated transparency and accountability. These processes and fora are used to: raise awareness on issues; build political support, often towards developing international consensus on challenges and solutions; encourage government steps and set goals and priorities for action; and encourage private sector actions.

This section focuses primarily on formally convened multilateral processes and fora where the U.S. engages in its official capacity as a member of an organization or party to an agreement. Some examples include broad multilateral processes under the United Nations (UN), such as the UN General Assembly (UNGA) or the UN Framework Convention on Climate Change (UNFCCC), intergovernmental political fora such as the G7 and G20, regional processes such as the Asia Pacific Economic Cooperation (APEC), multilateral development banks where the U.S. is a shareholder, the World Trade Organization (WTO), intergovernmental organizations such as the Organization for Economic Co-operation and Development (OECD), and international science collaboration platforms such as the Group on Earth Observations (GEO).

Options

- The President should convene once annually the Special Presidential Envoy for Climate Change, Secretary of State, Secretary for Agriculture, Secretary of the Interior, USAID Administrator, Secretary of the Treasury, Secretary of Commerce, National Aeronautics and Space Administration Administrator, as well as other relevant cabinet officials, to determine U.S. international priorities and strategy to support administration efforts to halt and reverse deforestation by 2030.
- The State Department could lead an effort to improve the capacity and expertise of staff engaging in international processes and fora related to international deforestation and develop approaches to better support U.S. delegations engaging such processes and fora.
- The State Department should convene an interagency process to identify existing international processes and fora that focus on deforestation, as well as those that focus on related issues, and develop guidance to enable policy coherence on forest-related issues across the U.S. government. Among other aspects, this could include:
 - Developing a process to support U.S. government officials by providing relevant scientific and technical information related to deforestation to inform engagement in international processes and fora
 - Developing additional policy guidance and information resources, building on existing processes, to support agencies that engage in fora and processes related to international criminal activity, corruption, and human rights abuses linked to deforestation, such as illegal mining, illegal logging, illegal land clearing, as well as money laundering and human trafficking.
- NSC should convene an IPC process, including State, USAID USTR, USDA, DOI, and CBP, to develop a coordinated policy position and strategy on addressing deforestation-related trade issues in its engagement with international fora that focus on trade issues.
- The U.S. should identify steps to support the engagement of Native American Indian tribes and Alaska Native entities in international processes and fora and promote the engagement of Indigenous Peoples and local communities (IPLCs) in relevant international processes and fora. In addition, the U.S. should seek to engage in meaningful consultation with Indigenous peoples.
- Treasury Department, with the support of other Federal agencies that program international activities, should engage the World Bank to promote the integration of forest conservation, restoration, and sustainable management, as well as deforestation considerations, into the World Bank's Country Climate and Development Reports.
- The U.S. Government should consider launching a working group of relevant country partners to advance an approach to international trade that balances promoting non-discriminatory multilateral trading systems and conserving forests while promoting sustainable development.

Key Messages

- The U.S. plays a significant role in setting the international agenda to reduce deforestation and promote conservation and sustainable land use by leveraging its political leadership and voice to push for stronger commitments and resources.
- Developing a cohesive set of policy objectives on combating deforestation that can be promoted across multiple international processes would help scale global action to address deforestation and promote sustainable land use through a variety of sectoral strategies that can support more integrated national plans.
- International deforestation affects many sectors and objectives including agriculture, economic growth, trade, environmental protection, human rights, and social concerns. The U.S. should consider its policies' impacts through the lens of a broad range of fora and stakeholder positions to ensure workable solutions that are not duplicative, unclear, or in conflict.
- The U.S. should promote the participation of Indigenous Peoples and local communities, civil-society organizations, and the private sector in international processes given their respective roles in addressing international deforestation.

Discussion

The cross-cutting nature of deforestation issues, which intersect with issues like sustainable development, climate change, international crimes, international finance, trade, human rights, energy, agriculture, science, and conflict, creates an opportunity to address deforestation in multiple international processes and fora focused on these related issues. At COP27 in Egypt, the U.S. and 26 other countries launched the Forest Climate Leaders Partnership (FCLP), with the U.S. Special Presidential Envoy for Climate Change serving as inaugural co-chair with Ghana. The FCLP is a minister-level platform to focus continued political attention on addressing global deforestation under several action areas related to issues and equities covered by multiple agencies. This kind of forum can serve as a coordinating mechanism on priority action areas, such as mobilizing climate finance, which would require engagement from the State Department, USAID, DFC, and Treasury. Targeted multilateral initiatives and related fora, such as the FCLP, offer the Biden Administration opportunities to align U.S. engagement in standing fora around the objectives of this report, as well as galvanize additional political and diplomatic engagement in standing fora from country partners.

However, specific mandates, goals, and outcomes of those processes and fora can overlap, creating challenges for U.S. government coordination and alignment. While some international fora have deliberative roles and policy-making functions that would allow multiple forest conservation, restoration, and sustainable management objectives to be addressed simultaneously at a global scale, other bodies and processes focus on discrete deforestation components. Embedding deforestation as an issue in additional international processes can create challenges for interagency processes and coordination.

Unsustainable exploitation of wood products and other forest resources, as well as activities that contribute to forest loss such as extractive activities and agricultural expansion, are challenges to global efforts to halt and reverse global deforestation. New regulations proposed

or enacted by other countries (notably the European Union’s Deforestation-Free Regulation (EUDR)⁷), have emerged with the aim of addressing deforestation through limiting imports. Efforts to address international deforestation via actions related to international trade have prompted reactions from governments and other stakeholders questioning the feasibility, efficacy, and fairness of such approaches. Engaging these issues in multilateral fora and international processes will require sensitivity to issues such as the implications for fair and free trade practices, costs to producers and other supply chain actors, and domestic constituencies. This administration could advance U.S. efforts to address deforestation in consideration of this and other policy issues by supporting alignment of U.S. government agencies on relevant policy and technical questions, including definitions and assessments of domestic and international economic, diplomatic, and development impacts.

Limited expertise or capacity in agencies and offices that have not historically focused on deforestation may limit the United States’ ability to deploy effective strategies to secure outcomes in international fora. Building expertise through additional staff or training, interagency subject matter expert working groups, and clear guidance for current staff, along with better coordination across and within agencies, can enable effective pursuit and achievement of complementary and aligned outcomes across the range of international processes and fora.

This Administration has endeavored to support and promote the engagement of Native American Indian tribes and Alaska Native entities in relevant international processes and fora, recognizing the importance of these stakeholders as well as value of their knowledge and perspectives on issues related to deforestation, land stewardship, and conservation. However, strengthening the engagement of these groups could improve the United States’ overall ability to drive positive international outcomes related to forests.

SECTION 4: ENGAGEMENT WITH OTHER COUNTRIES

(iv) engage other major commodity-importing and commodity-producing countries to advance common interests in addressing commodity-driven deforestation

Section Summary

The primary direct driver of global deforestation is the conversion of land to produce major agricultural commodities, primarily cattle, oil palm, soy, cocoa, coffee, wood fiber, and rubber, in a relatively small number of countries that are highly concentrated in the tropics⁸. Dynamics

⁷ “Regulation of the European Parliament and of the Council on the Making Available on the Union Market as Well as Export from the Union of Certain Commodities and Products Associated with Deforestation and Forest Degradation and Repealing Regulation (EU) No 995/2010.” 2021. EUR-Lex. November 17, 2021. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52021PC0706>.

⁸ This section focuses on agricultural commodities.

influencing the mode, extent, and timing of deforestation associated with conversion of land for agricultural production are complex – ranging from poverty to lack of clear tenure, to economic incentives for different land uses, among other causes.⁹

Though a large agricultural producer and exporter, the U.S. remains a relatively small importer of many of the commodities most associated with global deforestation. For some commodities, the largest importers are major emerging economies. For example, according to TRASE¹⁰, the People’s Republic of China is by far the largest importer of Brazilian soy by volume. China and India are the largest importers of Indonesian palm oil. The European Union and United Kingdom remain major importers of commodities associated with deforestation as well, and countries like Singapore and the Netherlands serve as key transportation hubs. Although a relatively small importer of forest-risk commodities compared to other markets, the U.S. is also connected to forest-risk commodities via the multiple financial institutions and international transport companies operating from within the country. Therefore, approaches which focus on eliminating deforestation from the banking, investment, and operations of U.S. entities that finance or transport commodities to third countries can support efforts to curb deforestation associated with commodity production.

The U.S. has historically engaged with agricultural commodity-producing countries with high rates of deforestation or ecosystem conversion in a variety of ways, including support for applied agricultural research, foreign assistance targeting support for rural agricultural livelihoods, enforcement capacity building to address illegal deforestation, and in some cases to promote U.S. agricultural exports to fill nutritional gaps and address food insecurity. Based on the significant levels of deforestation and conversion tied to agricultural expansion in these countries, increased foreign assistance support for individual country climate change and land use planning strategies and engagement through bilateral and multilateral channels has targeted solutions for the complex set of trade-offs involved achieving sustainable land use, including more sustainable commodity production and alternative rural livelihoods.

Beyond governments, the U.S. partners with a many other key stakeholders, including civil society and private sector companies connected to agricultural commodities, to employ a range of approaches to address commodity-driven deforestation. This includes engaging in on-the-ground activities to address agricultural commodity driven deforestation, actions at the policy and regulatory level, establishment of cooperative frameworks, and public-private partnerships.

Options

⁹ “Global Forest Resources Assessment 2020: Key Findings.” 2020. FAO. <https://www.fao.org/3/cb7449en/cb7449en.pdf>.

¹⁰ “Trase Yearbook 2020: The State of Forest-Risk Supply Chains.” 2020. Trase. 2020.

http://resources.trase.earth/documents/Trase_Yearbook_Executive_Summary_2_July_2020.pdf.

- The President could convene a roundtable of relevant private sector leaders to discuss private sector efforts and commitments to address commodity-driven deforestation, including government programs and policies to enable these commitments.
- To ensure this issue receives consistent and meaningful engagement and support strategic alignment between State Department and USAID programming of foreign assistance, the U.S. could identify addressing commodity-induced deforestation in the State-USAID Joint Strategic Plan and in country-specific Integrated Country Strategies.
- Direct government-to-government engagement with producer and consumer countries can focus on supporting steps and commitments by those governments to address deforestation and commodity-driven deforestation. Policy engagement can be combined with technical assistance and other measures.
- Agencies, including Departments of Agriculture, State Department, and USAID, could identify deforestation-risk agricultural commodities, based on assessment criteria and other relevant analyses, and possible measures to reduce deforestation risk associated with those commodities such as improving supply chain due diligence and transparency systems, including in cooperation with partner countries and the private sector
- Department of Treasury and other relevant departments and agencies could engage with private sector actors involved in reporting of forest-related information to understand emerging practices and challenges.
- Department of Homeland Security, Customs and Border Patrol, the Department of Interior, Department of Justice, Department of Agriculture and other relevant agencies, could engage with partner countries to provide guidance on best practice for natural resources enforcement to enhance country forest conservation efforts. For example, providing guidance on the development of in-country legal documentation for agricultural commodities to increase traceability and facilitate enforcement, and guidance on investing and prosecuting violations.
- The U.S. can engage consumer countries to consider how demand-side measures might be designed to reduce costs and burdens for stakeholders that engage with multiple markets.
- The U.S. should continue engagement with major consumer markets addressing commodity-driven deforestation, including through the sharing of experiences from the implementation of respective approaches to address commodity-driven deforestation; exchanges on data sources and monitoring systems; and coordinated capacity building support to origin geographies.
- The U.S. should enhance engagement with all major consumer markets to seek additional opportunities to ramp up efforts by all major consumer countries to end commodity-driven deforestation and harmonize approaches to the degree possible.
- Relevant U.S. departments and agencies should consider convening a joint working group, to include relevant countries from consumer countries, to identify new areas of possible cooperation to address costs, regulatory burdens, data gaps, and other issues related to the development and implementation of consumer market-focused regulations aimed at addressing deforestation.

- The U.S. should continue and strengthen its engagement with the private sector and civil society to support consumer- and producer-countries in meeting their aligned zero deforestation and zero conversion commitments, including on strengthening enabling policy environments and implementing activities, programs, and initiatives.
- The U.S. should encourage countries to advance wood identification technology and capacity, including those related to DNA libraries for regulated species, in order to support improved mandatory and voluntary monitoring and enforcement efforts.

Key Messages

- There are emerging national and state-level regulations and international regulatory and policy regimes aimed at addressing imports of agricultural commodities linked to deforestation, and a need to ensure optimization of positive outcomes and avoidance of negative outcomes, including those related to deforestation, climate, food security, and sustainable development
- Working with producer countries to address illegal land conversion for commercial agricultural commodity production, which has been estimated to constitute approximately 70 percent of all forest conversion for commercial agricultural production¹¹, represents an immediate opportunity that could yield multiple positive benefits, such as decreased deforestation, increased security and stability, reductions in violence, and better development outcomes.
- The U.S. can expand policy and international cooperation efforts using a “whole-of-government” approach in the agriculture and trade sectors such as exploring opportunities for agencies to support the Administration’s goals on deforestation in producer countries
- The U.S. can promote and support better interagency coordination in producer countries to improve the enabling environment for private sector investment that rewards deforestation- free sustainable production including at the jurisdictional level.
- Engagement with large commodity-consuming developing countries (like India and China) is as important as engagement with other normative-setting countries (like the EU and UK).
- The U.S. remains a relatively small importer of the commodities most associated with global deforestation compared to other markets, but due to market size, as well its importance in global finance and transport, U.S. actions are likely to have significant impacts on global production practices and policies

Discussion

In addition to reducing deforestation from agricultural commodity production, approaches to addressing deforestation in major commodity-importing and commodity-producing nations

¹¹ Dummett, Cassie, and Arthur Blundell. 2021. “Illicit Harvest, Complicit Goods: The State of Illegal Deforestation for Agriculture.” *Forest Trends*. May 2021. https://www.forest-trends.org/wp-content/uploads/2021/05/Illicit-Harvest-Complicit-Goods_rev.pdf.

need to be carefully designed to support development outcomes and sustainable livelihoods, and maintain strong diplomatic and economic relationships, including trade relationships. Poorly designed policies and programs could be perceived as discriminatory trade practices and an attempt to privilege U.S. agricultural exports in the global market, may result in a bifurcated market of deforestation-free and deforestation-linked commodity production and trade, or result in reversal of global development progress, particularly in rural settings. Well-designed policies and programs will drive positive deforestation outcomes globally alongside positive sustainable development outcomes, while not generating impediments or disruptions to overall global trade.

Capacity building for more sustainable food systems and reduced agricultural land conversion involves assessment of direct and indirect impacts on communities and landscapes. The pathway to more sustainable production of commodities that support improved local income and food security outcomes while avoiding additional deforestation and land conversion will involve a complex set of technical and policy considerations that are highly context-dependent within individual countries and/or regions.

Continued foreign assistance and diplomatic engagement targeted toward prohibiting or disincentivizing commerce in, or the import of, commodities grown on illegally deforested land would be generally consistent with approaches the U.S. has used to address illegal logging and associated trade, wildlife trafficking, and illegally mined commodities. However, addressing illegal deforestation requires careful consideration of how to gather and maintain information on legal frameworks in other countries, especially where the laws related to the definition of legality are less clear. Data on illegally deforested land is also more challenging to compile due to limited access to authoritative mapping from country partners or available global datasets to draw from. Further, an approach focused on combatting illegal deforestation associated with commodity production also can tread upon political sensitivities in key commodity-producing countries, where significant corruption, governance, law enforcement, and security issues are interlinked with illegal conversion for commodity production.

Without concerted efforts by all major consumer markets for relevant agricultural commodities, there is risk of market bifurcation. Commodities produced without driving deforestation might go to consumer markets with strong requirements, preferences, or expectations related to commodity-driven deforestation. Commodities produced on land illegally deforested, or deforested after a threshold date, might go to major consumer markets without as strong a focus on preventing deforestation. This points to the importance of continuing to engage other major consumer markets – not only the European Union and United Kingdom, but also India, China, and other relevant markets. Such engagement could include sharing of experiences from the implementation of respective approaches to address commodity-driven deforestation; exchanges on data sources and monitoring systems; and coordinated capacity building support to origin geographies. It could also include coordinated outreach to other major consumer and producer governments, and other stakeholders, to address additional opportunities to address deforestation associated with commodity production.

Widespread efforts to reduce deforestation associated with commodity production would reduce the risk of “leakage” from one consumer market to another. Multistakeholder processes like the Forest Climate Leaders Partnership and the Tropical Forest Alliance contribute to broader awareness of deforestation associated with commodities, and adoption of good practices; the U.S. and other countries also engage bilaterally on this topic. Private sector stakeholders have set “zero deforestation” and other related commitments, but would benefit from ongoing engagement with the U.S. government to enable achievement of these commitments.

SECTION 5: ROLE OF INDIGENOUS PEOPLES, LOCAL COMMUNITIES, AND LANDHOLDERS

(v) assess options to direct foreign assistance and other agency programs and tools, as appropriate, to help threatened forest communities transition to an economically sustainable future, with special attention to the participation of and the critical role played by indigenous peoples and local communities and landholders in protecting and restoring forests and in reducing deforestation and forest degradation

Section Summary

The U.S. government has an extensive portfolio of foreign assistance programs and other initiatives intended to support threatened forest communities transition to an economically sustainable future and their efforts to protect and restore forests and reduce deforestation and forest degradation. This includes programs and initiatives specifically focused on Indigenous Peoples and local communities (IPLCs) who live in and near forests, recognizing their important role in land stewardship, as well as the importance of Indigenous knowledge in informing effective conservation and sustainable forest management. These programs include activities like improving land tenure in forested areas and supporting land and resource rights for forest communities, including IPLCs, building value chains for sustainable timber and non-timber forest products, increasing access to climate and conservation finance for forest communities including IPLCs, such as through REDD+, and capacity building for these communities.

In addition, as specified by Congress in Public Law 112-74¹², USAID maintains an Advisor for Indigenous People’s Issues whose role is to advise the Director of United States Foreign Assistance and the Administrator of USAID on matters relating to the rights and needs of Indigenous Peoples internationally and provide oversight and coordination of all USG programs to protect the rights and address the needs of Indigenous Peoples. Improving and scaling up programs and initiatives that help threatened forest communities, including IPLCs, will be critical to the U.S. efforts to halt and reverse deforestation.

Options

¹² 112th Congress. 2011. “Public Law No: 112-74.” 2011. <https://www.congress.gov/112/plaws/publ74/PLAW-112publ74.pdf>.

- U.S. government agencies should assess how to mainstream the inclusion of IPLCs throughout relevant forest conservation programming and enhance overall assistance to forest communities, including through the State-USAID Joint Strategic Plan and in country-specific Integrated Country Strategies.
- USDA should consider taking lessons learned from its cooperative research and extension services and applying them to relevant geographies with threatened forest communities who could benefit from those experiences and approaches.
- NSC should convene a sub-IPC of agencies that provide foreign assistance or investment programming, including USAID, State Department, Treasury Department, DFC, USTDA, and the Millennium Challenge Corporation, to discuss options to mobilize additional public and private finance from a range of sources to support forest communities, and achieve the President’s goal of dedicating up to \$9 billion of our international climate funding for the objectives outlined in the Plan to Conserve Global Forests: Critical Carbon Sinks¹³ by 2030, subject to Congressional appropriations.
- The U.S. government should improve how it engages, empowers, utilizes, and respects the traditional knowledge of IPLCs in international forest conservation and land management. Such efforts would benefit from additional engagement with Native American tribal governments and their expertise and partnering with Indigenous leaders where relevant.
- USAID and State Department should assess options to make funding and administrative structures more accessible, innovative, flexible, and inclusive to forest communities, including IPLCs, to support their efforts to address deforestation, and U.S. government agencies should support capacity-building of IPLCs and their representative and partner organizations to competitively secure federal awards.
- State Department, USAID, and other relevant agencies should enhance efforts to work with other governments, organizations, and initiatives to support the equitable inclusion of IPLCs in forest conservation efforts, including through the “Collaborating Internationally” pillar of the U.S. Global Change Research Program’s Decadal Strategic Plan the newly established Forest Climate Leaders Partnership, and other processes.
- State Department, USAID, Departments of the Interior and Justice, and other agencies should identify effective mechanisms to support improved land tenure, resource governance mechanisms and strengthen human rights protections for forest communities, including IPLCs, in cooperation with national governments.
- State Department, USAID, Department of Justice, Fish and Wildlife Service, and other agencies that engage in programming aimed at enhancing enforcement against illegal activities, should develop guidance on program safeguards to prevent harm to threatened forest communities, particularly IPLCs.
- State Department and USAID should consider developing guidance, in consultation with relevant agencies, for use with respect to foreign assistance programming that impacts forest communities, particularly IPLCs, and explore options to improve consultations

¹³ “Plan to Conserve Forests: Critical Carbon Sinks.” 2021. White House. November 2021. https://www.whitehouse.gov/wp-content/uploads/2021/11/Plan_to_Conserve_Global_Forests_final.pdf.

with affected communities, conduct social impact assessments informed by Indigenous knowledge, and securing Free, Prior and Informed Consent (FPIC) from Indigenous Peoples before implementing programs that are likely to impact those communities. USAID's PRO-IP policy, which incorporates these principles and the policy, along with guidance materials that have already been developed, can be used as a starting point.

- The U.S. government should also consider improving due diligence processes for private sector partnerships to include specific environmental and social criteria.
- The U.S. government can increase the use of scientific and technical exchange programs to improve integration of IPLC traditional knowledge with other technical expertise in forest conservation efforts.
- The U.S. government should pursue new programs to build the capacity of forest communities, including Indigenous peoples, to use tools, such as satellite imagery and relevant data products, to empower their direct engagement in decision-making, as well as the equitable integration of Indigenous and traditional knowledge into scientific processes to enhance conservation efforts led by IPLCs.

Key Messages

- New foreign assistance and investment programming modalities will need to be developed to support conservation efforts of threatened forest communities, including IPLCs.
- The participation and leadership of forest communities, including IPLCs, is critical to identifying economic models that balance economic development and ecological integrity, as well as concerns of social justice, fairness, and equity at the national and local levels.¹⁴
- Supporting land and resource rights for IPLCs who govern their forest in accordance with customary practices and norms can empower those communities to more effectively conserve forests and mitigates climate change.¹⁵
- Environmental defenders worldwide are also facing growing risk of violence and death. IPLCs in particular face retaliation for asserting their land rights, seeking greater participation in decision-making, and raising concerns regarding legal and illegal exploitation of the natural resources on which they depend.¹⁶

Discussion

There are multiple complex and overlapping challenges regarding increased U.S. government foreign assistance to support threatened forest communities, including IPLCs, to transition to more sustainable economic development pathways. Threatened forest communities, including

¹⁴ IPCC. 2019. "Special Report on Climate Change and Land — IPCC Site." [ipcc.ch. Special Report on Climate Change and Land. 2019. https://www.ipcc.ch/srccl/.](https://www.ipcc.ch/srccl/)

¹⁵ Ibid.

¹⁶ USAID. 2022. "Issue Brief: Natural Climate Solutions and Land and Resource Governance." 2022. <https://www.climate-links.org/sites/default/files/asset/document/2022-04/NCS%20and%20LRG%20Brief%20-%2015%20Apr%202022%20final%20%281%29.pdf>.

IPLCs are diverse, and their livelihoods and economies are complex and context-specific. The U.S. government, through technical experts across the interagency are working to improve its approaches to supporting these communities to render them fairer and more equitable, with an emphasis on partnership with leaders of these communities where possible.

IPLCs often face difficulties accessing and utilizing the U.S. government's funding mechanisms, in part due to limited funding mechanisms and authorities to directly fund IPLCs and their representative organizations. Procurement processes often advantage institutions that have previously received funds and have the requisite capacity and capability to pursue and oversee federal awards, which may exclude threatened forest communities and IPLCs.

Many of these communities, and especially IPLCs, lack full land and resource rights to govern their forests in accordance with customary practices and norms. Such insecure land tenure creates multiple challenges. For example, when land tenure is unclear, landholders may not be able to use their land as collateral for credit, thereby compounding the difficulty these communities face in securing the funds necessary to effectively manage forests and develop economically. Insecure land tenure also renders threatened forest communities more vulnerable to incursion from actors seeking land for illicit mining, logging, ranching and other activities. In addition, insecure land and resource tenure is a major challenge that can prevent communities from accessing equitable benefits from climate and conservation finance approaches, such as REDD+ and carbon markets.

Support to threatened forest communities to transition to sustainable economic futures faces challenges of illegality, corruption, and human rights violations. The U.S. government's work to combat illegal logging and associated trade, has often encountered such challenges. These programs are intended to promote rule of law, counter corruption, decrease violence against environmental defenders and IPLCs, reduce pressure on forests and other ecosystems, and help threatened communities to improve their economic growth. Improved enforcement capacity at the regional and national level has a key role in conservation, however, the failure of local law enforcement to take the concerns and economic needs of forest communities, including IPLCs, into account leads to distrust and can result in violations of human rights. Many threatened forest communities rely on sustainable use of forests and their products to meet basic needs. Some utilize the forests as resources for small and medium enterprises that comprise a major source of their communities' economies. Inadequate understanding on the part of law enforcement in relation to customary uses of forest lands by Indigenous Peoples can also create distrust and in some cases lead to conflict. Ensuring appropriate safeguards are in place to prevent harm to local communities and ensuring law enforcement is appropriately trained to respect the human rights of local communities is essential in U.S. government support for law enforcement, particularly where corruption and civil conflict exist.

Annex 1: Overview of relevant mandates, authorities, and policy guidance

Section 1

a. Relevant Mandates and Authorities of US Government Agencies:

The United States has engaged in longstanding efforts to take into account environmental impacts of foreign assistance programs and investments. Consistent with section 117(c) of the Foreign Assistance Act of 1961, agencies that implement certain development assistance are required to take “fully into account the impact of such programs and projects upon the environment and natural resources of developing countries.”¹⁷ Not all agencies operating overseas implement programs under provisions of the FAA to which this mandate applies, and therefore their mandates, policies, and procedures vary. For example, USTDA, MCC and DFC follow their own legislative requirements and internal policies and procedures.

United States Agency for International Development (USAID)

Environmental Compliance Mandates and Procedures for all Sectors and all USAID Activities:

The United States Agency for International Development (USAID) leads the U.S. government's international development assistance efforts through partnerships and investments, including those that aim to address deforestation.

USAID has two core regulatory mandates to reduce environmental risk, which includes deforestation. These are Federal regulations, 22 CFR part 216, which defines USAID's Environmental Impact Assessment (EIA) requirements, and Sections 117, 118, and 119 of the Foreign Assistance Act of 1961 as amended which provide, in part, further guidance on EIAs when working in forests or when endangered species may be involved.

USAID requires that all operating units comply with applicable sections of the Foreign Assistance Act. Section 117 of the FAA requires USAID to utilize an EIA process to evaluate the potential impact of USAID's activities on the environment prior to implementation, and to “fully take into account” environmental sustainability in designing and carrying out its development programs. This requirement is codified in 22 CFR 216, under which USAID has established its Environmental Procedures.

USAID's Environmental Procedures include mandatory requirements throughout USAID's program cycle, including that all activities undergo a formal EIA upon design and a requirement to perform detailed studies when investments or programs result in changing land use. Mandatory operating policies are set out in USAID's Automated Directives System (ADS), which defines the policies and procedures (ADS 204) that guide the Agency's programs and operations. USAID's environmental procedures require that environmental impacts be

¹⁷ The Foreign Assistance Act of 1961, as Amended through P.L. 117–263. December 23, 2022. <https://www.govinfo.gov/content/pkg/COMPS-1071/pdf/COMPS-1071.pdf>.

considered in activity planning or early design, then documented, approved, and the terms for mitigation and monitoring these impacts incorporated into all contracts, awards and agreements. USAID maintains all Environmental compliance documentation and uses it to actively monitor mitigation measures throughout the life of each activity.

Activities funded under USAID's International Disaster Assistance (IDA) account receive an Exemption under 22 CFR 216, except in the case that those activities intend to procure or use pesticides. Non-IDA funded activities may also receive an exemption, if the activity meets the criteria in USAID's policy guidelines (fully described in ADS 204.3.10), such as the immediate loss of human life due to project delays in urgent situations.

Sections 118 and 119 of the Foreign Assistance Act of 1961:

Section 118 recognizes the importance of tropical forests and tree cover to developing countries and development objectives and requires USAID to take multiple actions for their protection and sustainable management. Additionally, 118(e) requires that: "Each country development strategy statement or other country plan prepared by the Agency for International Development shall include an analysis of:

- 1) the actions necessary in that country to achieve conservation and sustainable management of tropical forests, and
- 2) the extent to which the actions proposed for support by the Agency meet the needs thus identified."

Additionally, USAID may deny assistance when using or procuring logging equipment, converting forests to livestock rearing, working on roads near undegraded forests, and when constructing water control structures which flood undegraded areas, unless significant mitigation and monitoring activities are an integral and budgeted part of the project. In such cases, a detailed environmental impact assessment must be performed and show that the activity significantly contributes to improving the likelihood of benefits to the rural poor and can feasibly be conducted in an environmentally sound manner.

Section 119, concerning Endangered Species, establishes a number of programming mandates related to biodiversity, specifying "the preservation of animal and plant species" including through regulatory means, pollution prevention, improved enforcement, and through the protection of habitat, such as through the establishment of protected areas. Similar to Section 118, Section 119 also requires USAID to identify actions necessary to achieve biodiversity conservation and describe proposed agency actions for meeting those needs in every country's development strategy.

Reviews of High-Risk Multilateral Development Bank Projects:

USAID is mandated in law (Sec. 1303(c) of Title XIII of the International Financial Institutions Act¹⁸ to identify and report semi-annually to Congress on multilateral development bank (MDB) projects that are "likely to have adverse impacts on the environment, natural resources, public health, or Indigenous Peoples." In addition, per Sec. 1303(a)(3) of Title XIII, USAID conducts in-depth, typically field-based reviews (i.e., affirmative investigations) on a subset of high-risk projects determined to be "particularly likely to have substantial adverse impacts." These reviews yield technical findings and recommendations intended to strengthen environmental and social dimensions of MDB project design. Per agency policy, USAID also provides the Department of the Treasury a recommended voting position on high-risk MDB projects prior to their appraisal by the relevant MDB Board(s). Finally, USAID contributes local insights and technical expertise to U.S. engagement in MDB environment and social Safeguards policy reviews.

Millennium Challenge Corporation

The Millennium Challenge Corporation (MCC) is an independent U.S. Foreign Assistance Agency created by the U.S. Congress in January 2004. MCC provides time-limited grants promoting economic growth, reducing poverty, and strengthening institutions. MCC also leverages policy reforms through direct support to country governments based on performance.

To ensure environmental protection, MCC follows the International Finance Corporation Performance Standards for Environment and Social Sustainability.¹⁹ Section 605(e)(3) of the Millennium Challenge Act of 2003 prohibits MCC from providing assistance for any project that is "likely to cause a significant environmental, health, or safety hazard." To comply with this requirement, MCC's Environmental Guidelines (updated in 2012) identifies environmental and social risks in accordance with the International Finance Corporation Environmental Performance Standards adopted as part of the 2012 update. IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts requires MCC to screen, scope and manage projects as well as to engage in robust stakeholder engagement to ensure local buy-in and social license for the projects. In a forestry conservation context, Performance Standard 6 on "Biodiversity Conservation and Sustainable Management of Living Natural Resources" requires MCC to address the risk of deforestation and other land conversion in foreign assistance and investment programming. The standard requires MCC to not significantly degrade or convert areas of natural habitat unless no viable alternatives are present within the region to develop the project on modified habitat, appropriate consultation has been carried out, and steps are taken to avoid, minimize, restore or offset biodiversity loss, conversion or degradation. Mitigation measures are designed to achieve no net loss of biodiversity where feasible, including through set asides (on the project site), restoration, and biodiversity offsets.

¹⁸ "Title XIII | Basic Page." 2022. U.S. Agency for International Development. December 20, 2022.

<https://www.usaid.gov/environmental-procedures/laws-regulations-policies/titlexiii>.

¹⁹ "IFC Performance Standards on Environmental and Social Sustainability." 2012.

https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC_Performance_Standards.pdf?MOD=AJPERES&.

MCC-supported projects involving the production of living natural resources (including forestry and agriculture) are required to (a) locate land-based agribusiness and forestry projects on unforested land or land already converted where feasible; (b) manage living natural resources in a sustainable manner, through the application of industry-specific good management practices and available technologies; and (c) support good international industry practices, including through independent verification or certification, where feasible.

U.S. Trade and Development Agency (USTDA)

The U.S. Trade and Development Agency (USTDA) was established by Congress under Title II of the Jobs through Exports Act of 1992 (P.L. 102-549)²⁰ to promote United States private sector participation in development projects in developing and middle-income countries, with special emphasis on economic sectors with significant United States export potential. USTDA implements this mission by funding project preparation and partnership building activities that link U.S. businesses to opportunities to export goods and services that support development of sustainable infrastructure and foster economic growth in partner countries.

USTDA incorporates environmental assessment as part of its technical due diligence on activity proposals being developed for potential USTDA funding. Additionally, USTDA-funded feasibility studies and technical assistance include support for analyzing environmental and social impacts of projects supported by USTDA project preparation grants. Where relevant, these environmental impact analyses include consideration of the risk of deforestation, forest degradation and land conversion associated with a potential project.

Development Finance Corporation (DFC)

On October 5, 2018, the Better Utilization of Investments Leading to Development (PL 115-254, the “BUILD Act”)²¹ reformed and strengthened U.S. development finance capabilities by creating a new Federal Agency known as the U.S. International Development Finance Corporation (or DFC). DFC utilizes innovative financial products, including debt financing, equity investments, political risk insurance and technical assistance to incentivize private sector investment in emerging markets. DFC invests across sectors including health, water, renewable energy, nature-based solutions, critical infrastructure and technology. It provides financing for small businesses, entrepreneurs, and larger companies, as well as to the financial institutions that lend to these entities.

DFC has a comprehensive set of policies and procedures to guide environmental and social analyses of every project it considers. These are based upon the International Finance Corporation’s performance standards. All investments adhere to high standards and respect the environment, human rights and worker’s rights. All projects involving timber extraction from natural forests, including all boreal, temperate, and plantation forests must be, and remain,

²⁰ Title II of P.L. 102-549 amended Section 661 of the Foreign Assistance Act.

²¹ Review of *H. Rept. 115-814 - BETTER UTILIZATION of INVESTMENTS LEADING to DEVELOPMENT ACT of 2018*. n.d. 115th Congress (2017-2018). <https://www.congress.gov/congressional-report/115th-congress/house-report/814/1>.

certified by an independent nongovernmental organization. As per the IFC performance standards, any project that will impact natural habitat (including forests) is required to demonstrate no net loss of biodiversity where feasible.

The public receives advance notice for all high-risk projects and has the opportunity to comment on those projects. DFC's annual reports, which are sent to Congress, include data on the developmental impacts of the projects that it supports. DFC also submits an annual report on its process for interaction with indigenous communities as applicable.

Department of the Treasury

Pursuant to 22 U.S.C. 6593 and E.O. 11269 the Department of Treasury (Treasury Department) represents the United States at the multilateral development banks (MDBs), which include the World Bank Group, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank. In coordination with other U.S. government agencies, Treasury, through the U.S. Executive Director at each MDB, seeks to ensure that MDB operations do not contribute to deforestation or conversion of high value ecosystems. These efforts are undertaken in three ways. First, Treasury advocates for strong safeguards policies that minimize environmental risks and require mitigation of harm caused by MDB projects, including with respect to risks of deforestation. Second, Treasury advocates for policies that support sustainable forest and land management, including the protection and restoration of forests. Finally, in the Treasury-led interagency process to review all individual operations brought to the Board for approval, Treasury seeks to ensure that MDB projects avoid or otherwise mitigate significant negative environmental impacts, including deforestation or conversion of important ecosystems through application of the Pelosi Amendment (22 U.S.C. § 262m-7) and Section 7029(b)(2) of the annual appropriations act. Treasury also works with each of the MDBs to ensure that relevant analyses and diagnostics are used in the evaluation of potential investments and policies. Treasury also collaborates with USAID and other U.S. government agencies on the review of high risk MDB projects.

Treasury also represents the United States on the governing bodies of several important environment and climate change funds; for example, the Global Environment Facility (GEF), Green Climate Fund (GCF) and Climate Investment Funds (CIF). These funds play important roles in protecting and enhancing the health of forests and other ecosystems and supporting sustainable land management. In addition, through its leadership on implementing the Tropical Forest and Coral Reef Conservation Act (TFCCA) of 1998, the Treasury Department provides support to countries to address deforestation. Activities are designed to support conservation, including of forests, in consultation with conservation experts.

National Aeronautics and Space Administration (NASA)

The mandate of the Earth Science Division of the National Aeronautics and Space Administration (NASA) is to understand the Earth and its systems. NASA's Earth Science Division

focuses on understanding the planet's interconnected systems from the global scale to finer processes and conducts and supports research and applied work in a range of topics, including on forests, land cover, and land use, through multiple avenues. The Applied Sciences and Research and Analysis framework, and its Flight Program, develops and operates airborne and satellite missions, some of which are crucial for understanding land cover change at the global scale. Per NASA's Strategic Goal 1.1 "to understand the Sun, Earth, Solar System, and Universe," there are specific goals which are relevant to monitoring deforestation, including a goal in NASA's 2020-2024 Science Plan to "detect and predict changes in Earth's ecosystems and biogeochemical cycles, including land cover, biodiversity, and the global carbon cycle." NASA accomplishes these goals through a range of programs and program elements (e.g., Applied Sciences Ecological Conservation Program, Applied Sciences Capacity Building Program's ARSET and SERVIR elements, Research and Analysis Land-Cover and Land-Use Change (LCLUC) Program, among others)

U.S. Forest Service (USFS)

The International Forestry Cooperation Act of 1990 authorizes the USDA Forest Service to support international forestry and related natural resource activities outside the United States and its territories. It also authorizes expansion of the research capabilities of the Institute of Tropical Forestry in Puerto Rico. In addition, the Cooperative Forestry Assistance Act of 1978 authorizes the Secretary of Agriculture to provide financial and technical forestry assistance to States and others on a variety of forestry issues. The Act specifically authorizes the Secretary to provide assistance to other countries on a suite of activities (Sec. 3(b) paragraphs 1-5; Sec. 7(b) paragraphs 1-5; Sec. 9(b) paragraphs 1-3). These activities include protecting forest land from conversion to alternative uses; selecting, producing, and marketing alternative forest crops, products, and services from forest lands; ensuring reforestation to sustain resource productivity.

b. Agency Policy Guidance of U.S. Government Agencies

In addition to individual mandates and authorities, many U.S. government agencies also have additional existing policy guidance related to reducing the risk of deforestation within their programming.

USAID

USAID has developed guidance to reduce risk of deforestation at both the Strategy as well as at the project/activity levels.

USAID has developed a standard structure for Tropical Forest and Biodiversity Analyses required for all country strategies, as mandated by the Foreign Assistance Act Sections 118 and 119. The analysis is explicitly referenced in USAID's Program Cycle Operational Policy²² and a

²² *Foreign Assistance Act Sections 118 and 119 Tropical Forests and Biodiversity Analysis a Mandatory Reference for ADS Chapter 201*. 2021. <https://www.usaid.gov/sites/default/files/2022-05/201mav.pdf>.

related mandatory reference.⁴ Additionally, USAID developed a Best Practice Guide for all overseas operating units. Both the Best Practice Guide and policy guidance ensure that analyses are being done in a standardized and timely way to inform the development of country strategies and ensure that USAID considers how planned actions, in any sector, can support the conservation of biodiversity and tropical forests and avoid contributing to any key threats or drivers that lead to their loss. These comprehensive studies have been a key tool to raise greater awareness of the important role of forests and biodiversity in national and local economies, the major threats and drivers behind their loss, and are important tools for planning development programs.

USAID has also developed program and policy guidelines in key sectors to support sound programming in specific sectors. For example, USAID's Biodiversity Policy, aims to ensure that operating units are effectively programming biodiversity-tagged funds to achieve conservation in critical areas by addressing key threats such as deforestation, land conversion, illegal logging and wildlife trafficking. USAID also makes sure that biodiversity funds follow foreign appropriation law which prohibits them from "support(ing) the expansion of industrial scale logging, agriculture, livestock production, mining, or any other industrial scale extractive activity into areas that were primary/intact tropical forests as of 23 December 30, 2013."

In its Sustainable Landscape programs, USAID promotes systematic, landscape-wide solutions to reduce greenhouse gas emissions at large scales. For Sustainable Landscapes programming, USAID guidance requires the use of data and analyses, such as Sustainable Landscapes Opportunities Analyses²³ and Political Economy Analyses to ensure that the biophysical, social, and economic factors of the drivers of deforestation are well understood and mitigated. Per the 2016 bipartisan Global Food Security Act (GFSa), USAID has worked with other agencies to develop The Global Food Security Strategy (GFSS)²⁴ which provides guidance on mitigating impact on natural resources and promotes equitable transition in use of land and water resources that reduces poverty and provides meaningful livelihoods for former subsistence farmers that ultimately eases pressures on natural resources. Finally, USAID is also working to better align agriculture programming with the USAID Climate Change Strategy, including by maximizing opportunities that increase productivity, increase adaptation to climate change, and mitigate climate change including through reducing deforestation.⁸

USAID has also developed guidance, "Integrating Environmental Protection and Social Inclusion when Designing and Implementing Energy Infrastructure Projects,"²⁵ to address environmental risk, including deforestation, in its funded programs in the energy and infrastructure sector. This guidance is complemented by an Energy & Infrastructure community of practice group that convenes USAID staff from across the Agency, as well as NGO and private sector stakeholders,

²³ climatelinks.org/projects/proland/usaaid-mission-analyses-landscape-productivity-enhancement-approaches

²⁴ "U.S. Government Global Food Security Strategy 2017-2021." 2018. www.usaid.gov. September 21, 2018.

<https://www.usaid.gov/what-we-do/agriculture-and-food-security/us-government-global-food-security-strategy>.

²⁵ "Integrating Environmental Protection and Social Inclusion When Designing and Implementing Energy Infrastructure Projects." n.d. USAID BiodiversityLinks. Accessed April 18, 2023. <https://biodiversitylinks.org/library/resources/energy-infrastructure-report-2023.pdf/view>.

to promote innovative approaches to developing energy projects that also support environmental protection, local communities, as well as gender equity and social inclusion. Additionally, the Green Infrastructure Resource Guide²⁶ identifies green infrastructure interventions that can be used in USAID activities to support ecosystem services such as water resources conservation, flood and stormwater management, groundwater recharge, water supply, and disaster resilience.

USAID's Private Sector Engagement (PSE) Policy²⁷ guides USAID to promote the importance of responsible, environmentally friendly, inclusive, and transparent business practices, and seeks to collaborate with those companies that serve as global leaders in bringing shared value to, and that act responsibly in the communities where they do business. USAID examines these considerations through a required due diligence process on potential private sector partners to assess risks, including programmatic and reputational risks (See Section 7 of the PSE policy on Identifying, Assessing and Managing Risk). USAID operating units must conduct due diligence for formal partnerships and recipients of USAID funding are also expected to conduct due diligence regarding award activities that engage private sector partners. The Agency can often mitigate reputational and fiduciary risk through comprehensive due diligence conducted early in the engagement.

Multiple agencies

Group on Earth Observations

As a permanent Co-chair of the inter-governmental Group on Earth Observations (GEO), the U.S. government collaborates with 113 other national governments and over 100 participating organizations to promote full and open access to Earth observation data, information, and knowledge to create innovative solutions to global challenges, including advancing the use of Earth observations in support of climate adaptation and mitigation. Among other things, GEO members have generated data regarding assessments of deforestation risk in selected countries.

Section 2 - Overview of relevant mandates, authorities, and policy guidance:

Office of the United States Trade Representative (USTR)

The Office of the United States Trade Representative (USTR) is responsible for developing and coordinating U.S. policies with regard to international trade, commodities, and direct investment policy to the extent it involves international trade. USTR also oversees all trade negotiations with other countries, interests, and monitors and enforces U.S. rights under U.S. trade agreements.

²⁶ "Green Infrastructure Resource Guide | Document." 2022. U.S. Agency for International Development. December 8, 2022. <https://www.usaid.gov/infrastructure/green-infrastructure-resource-guide>.

²⁷ "PRIVATE-SECTOR ENGAGEMENT POLICY." n.d. https://www.usaid.gov/sites/default/files/2022-05/usaid_psepolicy_final.pdf.

In the 2023 Trade Policy Agenda and 2022 Annual Report, the Office of the United States Trade Representative (USTR) states that “United States will continue to use... new and existing trade initiatives... to seek higher levels of environmental protection from our trading partners and promote decarbonization efforts necessary to limit global temperature increase to 1.5 degrees Celsius.” This includes efforts to address international deforestation in line with the Biden Administration’s goals and objectives.

Customs and Border Protection

Customs and Border Protection (CBP) supports enforcement of trade agreements, including under the Trade Facilitation and Trade Enforcement Act of 2015²⁸ and the Security and Accountability for Every Port Act of 2006.²⁹

CBP released its Green Trade Strategy³⁰ in June of 2022, utilizing existing authorities to address climate change. Of relevance to this section is the aim of providing facilitation benefits and other incentives to promote environmentally friendly trade practices and supply chains, as well as prioritizing enforcement of environmental laws and controls in conjunction with partner government agencies.

United States Department of Agriculture

The United States Department of Agriculture primarily engages trade through the promotion of U.S. agricultural trade under the Foreign Agricultural Service and supports international trade negotiations and policy development. Multiple agencies within USDA, including the U.S. Forest Service, support international trade negotiations and policy development and the domestic implementation and international technical cooperation activities of the environmental aspects of trade agreements. For example, the United States Forest Service (USFS) actively participated in the development of the Peru Free Trade Agreement and United States-Mexico-Canada Agreement (USMCA) negotiations. Along with other land management agencies, the USFS is responsible for upholding the domestic commitments under the USMCA Sustainable Forest Management section, and also provide technical assistance to respective trading partners through both trade agreements.

United States Department of State

The United States Department of State (State Department) supports international trade negotiations and the development of trade policy, including through the Office of Agricultural Policy, the Division for Trade Policy and Negotiations, the Office of Multilateral Trade Affairs, and the Office of Bilateral Trade Affairs. The Bureau of Oceans, Environment, and International

²⁸ H.R.644 - Trade Facilitation and Trade Enforcement Act of 2015; <https://www.congress.gov/bill/114th-congress/house-bill/644/text>

²⁹ “SECURITY and ACCOUNTABILITY for EVERY PORT ACT of 2006.” 2006. <https://www.congress.gov/109/plaws/publ347/PLAW-109publ347.pdf>.

³⁰ “Green Trade Strategy.” 2022. https://www.cbp.gov/sites/default/files/assets/documents/2022-Jun/CBP%20Green%20Trade%20Strategy_June%202022_2.pdf.

Scientific Affairs provides technical expertise on environmental and deforestation-related issues.

U.S. Agency for International Development

USAID supports trade facilitation and promotion as an important part of its economic growth program. USAID's trade programs focus on building trade capacity to implement trade agreements, remove trade barriers, improve customs procedures, and modernize markets that improve competitiveness and level the playing field, which generates economic growth in partner countries. For example, the USAID Africa Trade and Investment program which runs through 2026, is a continent-wide program that will expand and accelerate two-way trade and investment between African nations and the United States. USAID also provides input to USTR and the State Department to help formulate environmental chapters of free trade agreements and helps trading partners comply with the terms of these agreements. For example, USAID has provided support to Peru to advance legal forest product trade in accordance with the US-Peru Free Trade Agreement's Forest Governance Annex.

Other agencies

Other U.S. government agencies support engagement in international processes and fora by providing knowledge, technical guidance and specific sectoral views to ensure awareness of a broad range of U.S. stakeholder concerns. Agencies from the Departments of Agriculture, Commerce, Justice and USAID play an active role in supporting the formulation of U.S. global policies and strategies of cooperation to combat climate change, conserve global forests and promote transparent legal trade, food security and human rights.

Section 3 - Overview of relevant mandates, authorities, and policy guidance:

United States Department of State

The United States Department of State (State Department) is the lead U.S. foreign affairs agency that advises the president on international affairs, represents the United States at the UN and other international bodies, and negotiates international treaties and agreements. The Bureau of International Organization Affairs develops and implements U.S. policy at the United Nations and in a wide range of other multilateral organizations, in consultation with relevant regional and functional bureaus. Engagement in topic-specific international treaties or bodies, such as the UN Forum on Forests or the UN Forum on Climate Change, is often overseen by functional bureaus such as the Bureau of Oceans and International Environmental and Scientific Affairs. The United States is represented by Ambassadors to Permanent Representatives to the UN, UN Agencies, and international organizations. The Department of State engages with and includes relevant U.S. government agencies in all international negotiations, forming interagency delegations that bring in expertise and concerns from all relevant sectors in the United States.

United States Department of Treasury

The United States Department of Treasury leads U.S. engagement in the MDBs, which include the World Bank Group, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank. America's leadership in these institutions ensures that the United States can help shape the global development agenda, including as it relates to deforestation and sustainable land use, leveraging its investments to ensure effectiveness and on-the-ground impact.

Office of the U.S. Trade Representative

The U.S. Trade Representative (USTR) represents the United States at the World Trade Organization, on all matters, including those related to the environment, environmental sustainability, and climate change.

USDA

The United States Department of Agriculture leads U.S. Negotiation on Food Security and Forests at the Food and Agriculture Organization (FAO), as well as other international fora.

Other agencies

Other U.S. government agencies support engagement in international processes and fora by providing knowledge, technical guidance and specific sectoral views to ensure awareness of a broad range of U.S. stakeholder concerns. Agencies such as Departments of Agriculture, Commerce, Justice, the Interior, and USAID play an active role in supporting the formulation of U.S. global policies and strategies of cooperation to combat climate change, conserve global forests and promote transparent legal trade, food security and human rights.

Section 4 - Overview of Relevant Mandates, Authorities, and Policy Guidance:

United States Department of State

The State Department is responsible for foreign policy and diplomatic relations globally, including through its diplomatic missions and embassies. The State Department works to advance the President's foreign policy. Under the Biden Administration "climate considerations shall be an essential element of United States foreign policy and national security" and the "United States will work with other countries and partners, both bilaterally and multilaterally, to put the world on a sustainable climate pathway."¹⁵ The State Department engages producer and consumer countries on deforestation-related issues under the Under Secretary for Economic Growth, Energy, and Environment, including the Bureau of Oceans and International Environmental and Scientific Affairs, the Bureau of Economic and Business Affairs, and the

Office of Global Food Security. Bilateral and regional engagement falls under the regional bureaus with the Under Secretary for Political Affairs, with support from experts from the functional bureaus listed above.

USDA (USFS, FAS)

USDA engages producer and consumer countries through its Foreign Agricultural Service (FAS), Office of the Chief Scientist, and Office of the Chief Economist. FAS works with foreign governments, international organizations, and the Office of the U.S. Trade Representative to establish international standards and rules to improve accountability and predictability for agricultural trade. FAS also track changes in policies affecting U.S. agricultural exports and imports and leads USDA's efforts to help developing countries improve their agricultural systems and build their trade capacity

DOJ

DOJ conducts and supports enforcement and enforcement capacity building related to combatting illegal deforestation. The Environment and Natural Resources Division recently announced the formation of an interagency Enforcement Working Group focused on this work. For many years ENRD has been working around the globe with foreign government and non-profit sector partners to train enforcement officials, build information, and enhance capacity including building trusted international networks of investigators and prosecutors. Particular focus has been on the Congo Basin, Amazon, Basin, Northern Triangle and Southeast Asian regions.

USAID

USAID is an independent federal agency that receives overall foreign policy guidance from the Secretary of State. USAID's programs are authorized by the Foreign Assistance Act, which the Congress supplements through annual funding appropriation acts and other legislation. USAID programming and policy guidelines in a number of key sectors help address deforestation, promote sustainable forest management, and reduce greenhouse gas emissions at large scales.

NASA

In the context of NASA's mandate to understand the Earth and its systems, NASA conducts and supports research related to the global monitoring of forests and land cover. NASA does so through a range of programs and program elements (e.g., Applied Sciences Ecological Conservation Program, Applied Sciences Capacity Building Program's ARSET and SERVIR elements, Research and Analysis Land-Cover and Land-Use Change (LCLUC) Program, among others). In terms of guidance, in addition to conducting and sponsoring research, NASA has sought to strengthen countries' capacity to monitor deforestation through, for example, the efforts of its Applied Sciences Capacity Building Program's ARSET and SERVIR elements. Where

ARSET has provided training opportunities (virtual and in-person) to countries in topics linked to land cover change monitoring. SERVIR – a collaboration between USAID and NASA – has partnered with regional centers of excellence in Africa, the Americas, and Asia to strengthen regional and national capacity to monitor and predict deforestation, among other things.

Section 5 - Overview of Relevant Mandates, Authorities, and Policy Guidance:

U.S. Agency for International Development (USAID)

Core to all of USAID’s work is a recognition that today’s global development and humanitarian challenges are vast, demanding, complex, and inherently local. USAID strives to create locally led programs, where local actors like Indigenous Peoples and Local Communities (IPLCs), define priorities, design projects, drive implementation, measure and evaluate results, and more fully own and sustain efforts, such as stopping deforestation and fighting climate change. USAID’s ongoing localization agenda has developed reforms and guidance to support locally led development across all sectors, including in support of forest conservation and forest communities.¹⁷

USAID’s work on supporting forest communities in the fight against deforestation are led by its Biodiversity and Sustainable Landscapes programs. Together, Biodiversity and Sustainable Landscapes programs work in over 60 countries, often in forest landscapes to conserve biodiversity and reduce emissions, and always with the economically sustainable future of IPLCs in mind. In fact, both programs view partnerships with IPLCs and their sustainable economic futures as a foundational approach to achieving broader program success in conservation and the fight against climate change. Countless guidance documents have been developed for these two programs,^{18,19} and almost all of this guidance has components relevant to the support and empowerment of the role of IPLCs in forest conservation. Key approaches promoted by these guidance documents that support IPLCs in forests include sustainable value chains, conservation enterprises, climate and conservation finance, capacity building, and the establishment of land and resource rights.

USAID also has several laws, policies, and strategies supporting IPLCs in forests. Public Law 112-74 (The Consolidated Appropriations Act, 2012), directed USAID to establish a Senior Advisor for Indigenous Peoples’ Issues, who shall guide the Director of United States Foreign Assistance and the Administrator of USAID on matters relating to the rights and needs of Indigenous Peoples internationally and develop and coordinate assistance strategies. USAID Missions pilot interventions to strengthen engagement with Indigenous Peoples, provide capacity building to Indigenous Peoples’ organizations, advocate for Indigenous Peoples’ rights, and pursue self-determined economic development for Indigenous Peoples.

USAID’s Climate Strategy²⁰ calls for systemic changes that increase meaningful participation and active leadership in climate action of Indigenous Peoples, local communities, women, youth, and other marginalized and/or underrepresented groups in at least 40 partner countries. The

strategy emphasizes Partnering with Indigenous Peoples and Local Communities to Lead Climate Action and that successful climate ambition requires greater diversity, equity, inclusion and accessibility (DEIA) in USAID's workforce and partners, including increased staffing of Indigenous Peoples and local communities.

USAID's Policy on Promoting the Rights of Indigenous Peoples (PRO-IP)²¹ aims to set a new standard for engagement and partnership with Indigenous Peoples. Crucially, it improves the measurable impact and sustainability of USAID's programs by ensuring that agency staff and implementing partners engage Indigenous Peoples as *equal partners* in development processes. In support of the PRO-IP, USAID developed guidelines, toolkits and learning assessments, including for Biodiversity and Sustainable Landscapes/Climate Change

US International Development Finance Corporation (DFC) and Millennium Challenge Corporation (MCC)

DFC, as authorized under the BUILD Act, is legislated to "facilitate market-based private sector development and inclusive economic growth in less developed countries through the provision of credit, capital, and other financial support." It can use debt instruments, equity investment, investment into funds, and political risk insurance, and carry out feasibility studies and provide technical assistance accelerate project identification and preparation to attract and support private investment in development. This can include investment in development projects that support forest-threatened communities, including Indigenous peoples.

MCC can provide compacts, or large, five-year grants for selected countries that meet MCC's eligibility criteria, as well as threshold grants, or smaller grants focused on policy and institutional reform in selected countries that come close to passing MCC's eligibility criteria and show a firm commitment to improving their policy performance.

The DFC and MCC adopted the International Finance Corporation Performance Standards on Environmental and Social Sustainability in June 2012. Performance Standard 7 on Indigenous Peoples aims to ensure full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of Indigenous peoples. Through it, MCC and DFC policy is to a) Avoid adverse impacts on indigenous peoples. When avoidance is not feasible, minimize, mitigate or compensate for such impact; b) Promote sustainable development benefits and opportunities for indigenous peoples in a culturally appropriate manner; c) Maintain an ongoing relationship with affected indigenous peoples based on Informed Consultation and Participation (ICP) throughout the life of the project; d) Obtain the Free, Prior, and Informed Consent (FPIC) of indigenous peoples where required and e) Respect and preserve the culture, knowledge and practice of indigenous peoples.

Department of the Interior

Legal authorities for activities implemented under DOI's International Technical Assistance Program (DOI/ITAP), which receives Foreign Assistance funds from USAID and Department of

State to implement programs, include the National Environmental Policy Act (NEPA) 42 U.S.C. §4332(2)(F) (International Environmental Cooperation), as well as the Foreign Assistance Act, - 22 U.S.C. §§ 2151q et seq., 2357, 2452-2460). DOI/ITAP programs include supporting sustainable tourism and other economic opportunities in communities in key landscapes and ecosystems, including forests, and assisting Indigenous peoples, local communities, and landholders in protecting and restoring forests and other ecosystems.

DOI's U.S. Fish and Wildlife Service's (USFWS's) Multinational Species Conservation Fund programs receive direct Congressional appropriations as well as funding from foreign assistance agencies for matching grants for the conservation, research, management and protection of priority species and the habitats in which they reside. USFWS is implementing new policies and procedures for its grants program. Applicants must demonstrate the capacity to assess and mitigate risk, and ensure staff are in compliance with national laws. Where relevant, applications must demonstrate collaboration with or inclusion of key stakeholders, including impacted communities. USFWS plans to provide resources to small local organization partners to develop social safeguard policies or practices, when needed.

The USFWS Law Enforcement Attaché program was created as part of a national strategy to combat wildlife trafficking fueled by transnational organized crime in response to the mandate for action outlined in President Obama's Executive Order 13648 on Combatting Wildlife Trafficking, signed July 1, 2013. The USFWS Attaché program subsequently received specific, appropriated funding from Congress to execute the overseas mission. To fulfill this mandate, the USFWS, Office of Law Enforcement, with support from the Department of State, has posted senior special agents/wildlife law enforcement attachés at key U.S. Embassy's around the globe. Current Attaché posts include Bangkok, Beijing, Hanoi, Nairobi, Dar Es Salaam, Pretoria, Lagos, Brasilia, Lima and Mexico City. Attachés assist host governments by leveraging U.S. Government assets to combat nature crimes with specific focus on counter wildlife/timber trafficking efforts. FWS Attaches additionally support capacity building for enforcement efforts of host countries and other countries in each region. In recent years FWS Attachés have increasingly worked in collaboration with host governments to support threatened forest communities, including Indigenous and local communities and landholders, and work with them to support local efforts to prevent, detect and deter illegal logging and timber trade as well as the poaching and illegal trade in threatened wild animals.

Department of the Treasury

See discussion in Section i of Treasury's role with respect to multilateral development banks.

Multiple agencies

U.S. Global Change Research Program

As mandated by the Global Change Research Act (GCRA) of 1990 (15 U.S.C. Ch. 56A) the U.S. Global Change Research Program (USGCRP) coordinates a “comprehensive and integrated” research program among fourteen federal agencies¹⁶ to “assist the Nation and the world to understand, assess, predict, and respond to human-induced and natural processes of global change.” The USGCRP 2022-2031 Strategic Plan emphasizes advancing science and providing accessible, usable information to inform decisions to respond to the climate crisis. It calls for elevating Indigenous Knowledge as one of the many important bodies of knowledge that contribute to our understanding of and ability to respond to global change, recognizing Indigenous Knowledge holders as true partners in climate and global change research and assessments. The plan’s fourth Pillar, “Collaborating Internationally”, emphasizes helping to build global capacity to respond to global change through international cooperation and collaboration.

Annex 2: Relevant Case Studies

SECTION 1: FOREIGN ASSISTANCE AND INVESTMENT PROGRAMMING

(i) incorporate the assessment of risk of deforestation and other land conversion into guidance on foreign assistance and investment programming related to infrastructure development, agriculture, settlements, land use planning or zoning, and siting and generation

Improvement of FAA 118/119 Tropical Forest and Biodiversity Analysis

After USAID launched its first Biodiversity Policy in 2014, the Agency undertook a process to review the use of the congressionally mandated FAA 118/119 Tropical Forest and Biodiversity Analyses. The intention was to improve how the analysis is carried out by USAID operating units in order to improve the effectiveness of the Analysis as a tool for reducing risk to tropical forest and biodiversity conservation throughout mission strategies and programs. The process culminated in the development of a Best Practice Guide with templates for the scope of work and analysis outline to standardize the quality and outputs. A subsequent evaluation has shown that USAID country strategies published after development of the new guide and policy were nearly twice as likely as strategies published before the policy reform to include discussions on conservation of tropical forests and biodiversity, including how missions plan to reduce risk to forests and biodiversity through their programs.

Enhancing Safeguards to Mitigate risk from Roads: Asia Development Bank Loan to Nepal

USAID's review of an Asian Development Bank road improvement loan to Nepal demonstrates how risk of negative impacts to natural areas and forests by infrastructure can be prevented. The \$256.5 million Nepal's SASEC Roads Improvement Project is rehabilitating and upgrading capacity, quality, and safety of about 160 kilometers of Nepal's strategic highway and road network. However, the USAID Environmental Review of the proposed loan identified potential negative impact on critical ecosystems. The United States, led by the U.S. Department of Treasury, held extended discussions with ADB management that resulted in ADB and client commitments regarding the need for further analysis, mitigation, and monitoring of potential adverse impacts to critical habitat, including the use of wildlife crossing structures. The ADB committed to robust pre-construction wildlife analyses, updating the cumulative impacts assessment, providing adequate budget to support environmental mitigation and monitoring, independent oversight, and coordination with bilateral and other multilateral donors. USAID continued to conduct a field review to monitor progress against these commitments.

Solomon Island MCC Threshold Program

The proposed Solomon Island Threshold Program will provide assistance to generate more reliable, sustainable benefits from Solomon Islands' forest resources by (1) attenuating negative environmental impacts, (2) increasing and more equitably sharing the community and national revenues from forest resources, and (3) achieving a more balanced regulatory and enforcement regime between logging and non-logging uses of forests. The Solomon Islands Threshold Program's Forest Value Enhancement Project (FoVEP) includes a voluntary payment for ecosystem services component that is expected to result in private sector purchase of carbon credits generated through the project. The Payment for Ecosystem Services (PES) activity

includes the expansion of an economically viable PES program designed to generate environmental, economic, and social benefits through PES accreditation and eventual carbon credit payments in participating communities. The facilitated governance reform activity will seek to strengthen problem solving capacity to increase opportunities for regulatory and enforcement reforms in the forest industry in participating project jurisdictions and, to the extent possible, with the national regulatory framework. This program is subject to the availability of appropriated resources.

SECTION 2: TRADE AGREEMENTS

(ii) Address deforestation and land conversion risk in new relevant trade agreements and seek to address such risks, where possible, in the implementation of existing trade agreements

Peru Free Trade Agreement

Free trade agreements help achieve bilateral and multilateral policy objectives on deforestation, such as in the United-States Peru Trade Promotion Agreement (PTPA) Environment Chapter, which contains a groundbreaking Annex on Forest Sector Governance (Annex 18.3.4) in which the Parties commit to take actions to combat trade associated with illegal logging and illegal trade in wildlife, and to enhance forest sector governance, as well as promote legal trade in timber products.³¹ The Forest Annex also includes monitoring tools, such as a requirement that Peru conduct audits of producers and exporters, as well as verifications of particular timber shipments upon request from the United States. In addition, the Annex establishes a Sub-Committee on Forest Sector Governance, which is a forum for the Parties to share views and information on any matter arising under the PTPA Annex.

The United States has taken several actions pursuant to the Forest Annex. Most recently, in July 2022, the United States took action to continue to block timber imports from Inversiones WCA E.I.R.L. (WCA), a Peruvian exporter, based on illegally harvested timber found in its supply chain. The denial of entry order was scheduled to lapse in July 2022. However, as of that date, the Government of Peru had not demonstrated that WCA is complying with all applicable laws, regulations, and other measures of Peru governing the harvest of and trade in timber products. Accordingly, the Interagency Committee on Trade in Timber Products from Peru directed the U.S. Department of Homeland Security Customs and Border Protection to deny entry to any future shipments of timber products originating from Peru that were produced or exported by WCA until the Government of Peru demonstrates that WCA has complied with all applicable laws and regulations.

In November 2022, the United States and Peru held meetings of the Environmental Affairs Council Subcommittee on Forest Sector Governance and Environmental Cooperation Commission. During the meetings, the Sub-Committee reviewed implementation of the Forest

³¹ "United States-Peru Free Trade Agreement Environment Chapter," 2009.

Annex, including relevant provisions of the Annex concerning audits of timber producers and exporters, among other issues.

USFS supports the PTPA Annex in a variety of ways. For example, through CITEmadera, in collaboration with Peru's Instituto Tecnológico de la Producción, USFS supports advanced technical training on wood identification technologies. These technologies aid Peru's government in reducing illegalities in timber trade by strengthening its ability to quickly and accurately identify wood species in commerce. USFS trained dozens of SERNANP officials (the Spanish acronym for the National Protected Areas Service) on change detection and the differentiation of man-made versus natural deforestation, along with the use of remotely piloted aircraft systems for forest monitoring to detect illegal logging and other illicit activities. USFS also supported establishing a methodology to measure illegal logging in Peru, demonstrating that in 2017, for example, 37% of timber was laundered using official paperwork.

SECTION 3: INTERNATIONAL PROCESSES AND FORA

(iii) identify and engage in international processes and fora, as appropriate, to pursue approaches to combat deforestation and enhance sustainable land use opportunities in preparing climate, development, and finance strategies

Forest Climate Leaders Partnership (FCLP)

At COP27 in Egypt, the United States, the UK and 26 other countries, launched the Forest Climate Leaders Partnership (FCLP), assuming the co-chair role alongside Ghana. The FCLP intended to support delivery of the commitment made through the Glasgow Declaration to halt and reverse forest loss and land degradation by 2030 while delivering sustainable development and promoting inclusive rural transformation.³² FCLP focuses on six action areas: 1) International collaboration on the sustainable land use economy; 2) Mobilizing public and donor finance to support implementation; 3) Shifting the private finance system; 4) Supporting Indigenous Peoples' and local communities' initiatives; 5) Strengthening and scaling carbon markets for forests, and; 6) Partnerships and incentives for preserving high-integrity forests.

International Tropical Timber Organization (ITTO)

ITTO promotes the sustainable management and conservation of tropical forests and the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests. ITTO crowd-sources funding for various capacity-building programs, as well as produces market data for traders. Members are organized by "producer" and "consumer" blocs. In a May 2021 joint communiqué the G7 Ministers responsible for Climate and Environment committed to working with ITTO to increase

³² UKCOP26. 2021. "Glasgow Leaders' Declaration on Forests and Land Use." UN Climate Change Conference (COP26) at the SEC – Glasgow 2021. November 2, 2021. <https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>.

support for sustainable supply chains that decouple agriculture from deforestation and forest degradation.³³

Group on Earth Observations and USGEO

As a permanent Co-chair of the inter-governmental Group on Earth Observations (GEO), the U.S. government collaborates with 113 other national governments and over 100 participating organizations to promote full and open access to Earth observation data, information, and knowledge to create innovative solutions to global challenges, including advancing the use of Earth observations in support of climate adaptation and mitigation. The US Group on Earth Observations (USGEO) is co-chaired by OSTP, along with the National Aeronautics and Space Administration (NASA), the National Oceanic and Atmospheric Administration (NOAA), and the U.S. Geological Survey (USGS). USGEO coordinates the participation of 16 federal agencies and components of the Executive Office of the President in GEO.

International GEO-related bodies include a Climate Change Working Group (co-chaired by USGS), regional GEO networks (such as AfriGEO and AmeriGEO for the Americas, and the GEO Indigenous Alliance, which promotes the use of Earth Observation science, data and technology to protect and conserve Indigenous Cultural Heritage. The Global Forest Observations Initiative (GFOI) is a GEO Flagship partnership of countries and institutions to help developing countries use earth observation data to operationalize or improve their national forest monitoring systems and GHG emissions inventories, critical to accessing financing for projects to reduce deforestation. GEO-TREES is a new GEO activity launched in 2021 to support the Paris Agreement's call for accurate estimates of forest biomass and its changes, by establishing a global network of in situ forest biomass measurement sites. These GEO initiatives are important complements and partners with USG foreign assistance programs such as SilvaCarbon, an interagency technical cooperation program to enhance the capacity of selected tropical countries to measure, monitor, and report on carbon in their forests and other lands.

SECTION 4: ENGAGEMENT WITH OTHER COUNTRIES

(iv) engage other major commodity-importing and commodity-producing countries to advance common interests in addressing commodity-driven deforestation

Forest Data Partnership

Established in 2021, the Forest Data Partnership (FDaP) is an effort which aims to reduce commodity-drive deforestation. The FDaP is led by the State Department and USAID, and involves NASA, private sector companies Google and Unilever, the United Nations Food and Agriculture Organization (FAO), and the World Resources Institute. Specifically, the FDaP “aims to halt and reverse forest loss from commodity production by collaboratively improving global monitoring and supply chain tracking and accelerating restoration. It aligns partners around the

³³ “G7 Ministers Pledge to Work with ITTO on Sustainable Supply Chains.” n.d. ITTO International Tropical Timber Organization. Accessed April 18, 2023.

https://www.itto.int/news/2021/07/27/g7_ministers_pledge_to_work_with_itto_on_sustainable_supply_chains/.

data and ensures access for stakeholders across sectors to consistent, validated open-source geospatial forest-risk commodity data.”

SECTION 5: ROLE OF INDIGENOUS PEOPLES, LOCAL COMMUNITIES, AND LANDHOLDERS

(v) assess options to direct foreign assistance and other agency programs and tools, as appropriate, to help threatened forest communities transition to an economically sustainable future, with special attention to the participation of and the critical role played by indigenous peoples and local communities and landholders in protecting and restoring forests and in reducing deforestation and forest degradation

Amazonia Indigenous Rights and Resources

The Amazon Indigenous Rights and Resources Activity (AIRR)³⁴ encourages Indigenous Peoples’ participation in the sustainable economic development of the Amazon to preserve biodiversity and reduce CO2 emissions caused by forest loss. AIRR is implemented through partnerships between the World Wildlife Fund (WWF), four national Indigenous federations (COIAB - Brazil, OPIAC - Colombia, CONFENIAE - Ecuador, and AIDESEP - Peru), and the regional umbrella organization the Amazon Indigenous Peoples Organization (COICA). AIRR is implemented in Brazil, Colombia, Ecuador, and Peru, and it runs from August 2019- August 2024. AIRR aims to incorporate the rights and interests of indigenous people into public and private sector development planning. The project contributes to the Amazon Regional Environment Program’s (AREP) goal to reduce negative social and environmental impacts of large-scale infrastructure projects, extractive activities, and climate change on Amazon forests and water resources on which Indigenous people and forest communities depend.

Central Africa Regional Program for the Environment (CARPE)

The United States renewed its longstanding commitment to the protection, conservation, and sustainable management of the Congo Basin, the world’s second largest tropical rainforest, with the launch of the fourth phase of USAID’s CARPE initiative. Working closely with and through local, national, and regional institutions, CARPE’s Phase IV Vision is to support a Congo Basin with healthy ecosystems and dynamic local leadership that support stability and prosperity in communities. To date, USAID/CARPE, in partnership with the United States Fish and Wildlife Service (USFWS) and the United States Forest Service (USFS), has invested over \$600 million to build inclusive markets, improve law enforcement, support civil society’s role in environmental monitoring and advocacy, and strengthen land use management.

Indigenous Peoples’ Alliance for Rights and Development (IPARD)

The IPARD program is USAID’s first-ever global mechanism which is led by Indigenous Peoples, for Indigenous Peoples. The program is a public-private partnership with funding from USAID and our partner, the Forest Stewardship Council. The program supports peer-to-peer networking and capacity building for Indigenous Peoples’ organizations; engages government

³⁴ “ENV - Amazon Indigenous Rights and Resources Activity (AIRR).” 2020. 2017-2020.Usaid.gov. September 16, 2020. <https://2017-2020.usaid.gov/news-information/fact-sheets/env-amazon-indigenous-rights-and-resources-activity-airr>.

stakeholders to build an enabling environment for Indigenous Peoples to exercise their rights; mobilizes the private sector to support enterprise and economic models that are culturally pertinent to Indigenous Peoples; and implements a standalone initiative to build economic empowerment for Indigenous women. IPARD collaborates with global networks of Indigenous leaders (including AMPB, AMAN, REPALEAC, and IPACC) to implement activities in Guatemala, Panama, Cameroon, and South Africa. In 2023, IPARD will expand to Kenya and the Asia Pacific.

Exchanges between tribal representatives in the United States and Brazil

DOI has coordinated direct exchanges between Native American tribal representatives and Indigenous communities in the Brazilian Amazon. The first of these, in August 2021, took place under the State Department-led Embassy Science Fellows program, and was facilitated by DOI's Bureau of Indian Affairs. A virtual exchange between experts from the Confederated Tribes of the Umatilla Indian Reservation and counterparts from the Indigenous Council of Roraima (CIR) focused on approaches to conserve the ecosystems on which they depend and incorporate Indigenous knowledge in climate response decision-making. In November 2022, DOI-ITAP and the USFWS, with support from the State Department and USAID, coordinated an in-person Native Knowledge Exchange in Brazil. Six experts in climate change adaptation, tribal and government relations, land management, and conservation law enforcement from various U.S. Tribes traveled to Indigenous communities in the Brazilian state of Maranhão. Participants from both countries exchanged best practices and discussed challenges in conservation on Indigenous lands and inter-governmental coordination.

The Initiative for Enhancing Capacity for Climate Risk Assessment and Catalyzing Partnerships to Inform Decisions in Latin America and the Caribbean (LACI)

This initiative is working with partners from across the Americas to co-design projects that build partnerships and capacity to assess climate risks and vulnerabilities to support local and regional decision-making. LACI is a collaborative effort between the U.S. Global Change Research Program (which includes DOI, NASA, NOAA, NSF, USAID, the State Department, and other agencies), the U.S. Group on Earth Observations (USGEO), AmeriGEO, the Inter-American Institute for Global Change Research (IAI), and other regional partners. In a series of scoping workshops in 2022 and early 2023, representatives from 14 countries in the Americas identified local needs, co-developed pilot concepts, and established task teams to further co-design the LACI pilots. One of the pilot clusters focuses on strengthening partnerships and enhancing capacity for climate risk assessments among user groups in Amazonia, with a focus on indigenous communities, forests, and forest carbon. The finalized pilot activities are anticipated to be announced in June 2023. LACI is now moving into its second phase of developing these pilots and identifying funding.

Protecting forest, communities and land rights in the Maya Biosphere Reserve

In 2018, DOI helped establish Guatemala's first environmental courts in the Peten, Guatemala, which covers the Maya Biosphere Reserve (MBR). DOI partners with local attorneys who advise the GOG on prosecuting environmental crimes committed in the MBR. With this assistance, in fiscal year 2022 the Government of Guatemala recovered 1,193 hectares of MBR usurped lands, with another 3,076 hectares in recovery process, sanctioned 10 individuals

Q85,000 in environmental fines; and trained 162 technical staff and 115 judiciary staff in Guatemala (e.g., judges and protected area agency legal advisors).